99TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
99-108

VETERANS' EMPLOYMENT AMENDMENTS OF 1985

MAY 15, 1985.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. MONTGOMERY, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 1408]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 1408) to amend the Emergency Veterans' Job Training Act of 1983 and title 38, United States Code, with respect to certain veterans' employment programs, having considered the same, reports favorably thereon with an amendment, by unanimous voice vote, and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veterans' Employment Amendments of 1985".

SEC. 2. EXTENSION OF EMERGENCY VETERANS' JOB TRAINING ACT.

(a) EXTENSION.—Section 17 of the Emergency Veterans' Job Training Act of 1983 (Public Law 98-77; 29 U.S.C. 1721 note) is amended by striking out "February 28, 1985" and "September 1, 1985" and inserting in lieu thereof "December 31, 1985" and "July 1, 1986", respectively.

(b) ELIGIBILITY.—Section 5(a)(1)(B) of such act is amended by striking out "fifteen of the twenty" and inserting in lieu thereof "5 of the 20".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 16 of such Act is amended by inserting "and $75,000,000 for fiscal year 1986" in the first sentence after "and 1985".

SEC. 3. VETERANS READJUSTMENT APPOINTMENTS.

(a) IN GENERAL.—Section 2014(b)(1) of title 38, United States Code, is amended—

(1) by striking out "GS-9" in clause (A) and inserting in lieu thereof "GS-11";

(2) by striking out "who is" in clause (C) and all that follows in that clause through "line of duty";

(3) by striking out "and" at the end of clause (C);

(4) by redesignating clause (D) as clause (E); and

(5) by inserting after clause (C) the following new clause:

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"(D) a veteran of the Vietnam era who has more than 14 years of education and who is entitled to disability compensation under the laws administered by the Veterans' Administration or whose discharge or release from active duty was for a disability incurred or aggravated in line of duty shall be given a preference for such an appointment over other veterans of the Vietnam era who have more than 14 years of education; and".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to appointments made after September 30, 1985.

INTRODUCTION

On March 5, 1985, the Honorable Tom Daschle, Chairman of the Subcommittee on Education, Training and Employment, introduced H.R. 1408, the "Veterans' Employment Amendments of 1985," a bill to amend the Emergency Veterans' Job Training Act of 1983, and title 38, U.S. Code, with respect to the Veterans Readjustment Appointment [VRA] authority. The bill was consponsored by Mr. Montgomery, Mr. Hammerschmidt, Mr. Evans of Illinois, Ms. Kaptur, Mr. Bryant, Mr. Florio, Mr. Gray of Illinois, Mr. McEwen, Mr. Wylie, Mr. Solomon, and Mr. Hendon.

The measure was reviewed by the Subcommittee on Education, Training and Employment on March 19, 1985. Witnesses included representatives of the Veterans' Administration, Department of Labor, Office of Personnel Management, veterans organizations, and the private sector. The Subcommittee met on April 3, and recommended H.R. 1408, as amended, to the full Committee by unanimous voice vote. On April 7, 1985, the full Committee met and, by unanimous voice vote, ordered H.R. 1408 reported to the House.

SUMMARY OF THE BILL

H.R. 1408, as amended, would:

1. Extend the date by which a veteran must apply to participate in the Emergency Veterans' Job Training Act [EVJTA] from February 28, 1985, to December 31, 1985.
2. Extend the deadline by which a veteran participant in EVJTA must be enrolled in a job training program from September 1, 1985, to July 1, 1986.
3. Amend the requirement that a veteran be unemployed for 15 of the 20 weeks to 5 of the 20 weeks immediately preceding the date of the veteran's application for participation in the program.
4. Provide an authorization of $75 million for the Emergency Veterans' Job Training Act for fiscal year 1986.
5. Increase the maximum grade level for an appointment under the VRA Program from GS–9 to GS–11.
6. Eliminate the 14-year education limitation now in place for non-disabled Vietnam-era veterans.
7. Provide that a service-connected disabled veteran of the Vietnam era who has more than 14 years of education shall be given preference for a VRA appointment over other Vietnam-era veterans who have more than 14 years of education.

Background and Discussion of the Bill

Amendments to Emergency Veterans' Job Training Act of 1983

Public Law 98–77, the Emergency Veterans' Job Training Act of 1983 [EVJTA], was signed into law on August 15, 1983, establishing a program of job training assistance for certain unemployed Korean conflict and Vietnam-era veterans. This program was established in response to the employment difficulties being experienced by large numbers of Vietnam-era and Korean conflict veterans. The severe recession and fundamental structural changes in the American economy exacerbated pre-existing employment problems and contributed to the highest unemployment rate ever recorded for veterans.

This innovative program is the first truly meaningful employment assistance program for those veterans of Vietnam and Korea who have been out of work for an extended period of time. The initial months of EVJTA were disappointing with a start-up time that was longer than expected. Veteran interest and response was high with over 111,000 veterans certified for participation as of April 23, 1984. Employer participation, however, was far below what was anticipated with only 14,281 training programs approved, providing 28,137 potential jobs. Only 4,321 veterans had been placed up to that point, about 4 percent of those participating. By September 1984, however, the program had begun to establish a good record. Employer paticipation had risen to 27,111 employers approved for participation with 60,379 job slots approved. Similarly, the total number of jobs filled had increased to over 13,000.

Statistics released by the Veterans' Administration on April 30, 1985, indicate that nearly 30,000 veterans have been placed in permanent, stable jobs, thus assisting them in their efforts to get off the unemployment rolls and into productive employment. Over 320,000 veterans have been certified and recertified for participation in the program established by EVJTA, 46,500 employers have been certified to participate, and over 110,000 job slots have been approved. Additionally, of the $140 million made available for the program in 1983, $114 million has been committed. Clearly, the Emergency Veterans' Job Training Act has now reached the point of wide employer acceptance and is viewed by veterans as a good program that can help them in their efforts to find meaningful employment.

Although approximately $25 million remains available for use under EVJTA, thousands of job slots are approved and available, and over 415,000 Vietnam-era veterans are still unemployed, this program unfortunately expired for new participants on February 28, 1985. Additionally, under current law veteran participants must be enrolled in a job training program by September 1, 1985. The reported bill would extend the date by which a veteran must apply to participate in EVJTA from February 28, 1985, to December 31, 1985. The bill would also extend the September 1, 1985, deadline to July 1, 1986.

The Bureau of Labor Statistics indicates that in April 1985, Vietnam-era veterans were unemployed at rates higher than those for their non-veteran peers. For those veterans between the ages of 30

and 39, the unemployment rate was 7.6 percent. Those in the same age group who did not serve in the military were unemployed at the much lower rate of 5.6 percent. This disparity in the unemployment rate between veterans and non-veterans is particularly alarming.

Historically, fluctuations in the Nation's economy have been a major contributing factor to the cycles of Vietnam veterans unemployment. In good economic times, the unemployment rate for Vietnam veterans has often remained at, or even slightly below, the unemployment rate for non-veterans. During recessions, however, the veteran unemployment rate has consistently surged ahead of that for those with no military service. Veterans have clearly been particularly vulnerable to economic downturns. This situation has long been a source of deep concern, but the current high Vietnam veteran unemployment rate during a time of relative economic prosperity dramatically reaffirms the need to extend the effective, cost-effective Emergency Veterans' Job Training Act.

For the 415,000 Vietnam-era veterans unemployed in April 1985, there are no other effective employment programs available. It is important to note that there has never been a coherent, consistent Federal policy to guide the development of programs which would train and employ Vietnam-era veterans in stable, career-oriented jobs. Since 1969, many training programs have come and gone. These programs were packaged and repackaged to attract the attention and acceptance of the private sector. Too often veterans merely rode on the "coat tails" of other targeted groups, competing for the same jobs and training opportunities. Even title IV, part C, of the Job Training Partnership Act, which authorizes the Secretary of Labor, through the Assistant Secretary for Veterans' Employment and Training, to conduct programs to meet the employment and training needs of certain veterans, can have only a minimal impact on veteran unemployment. Based on a designated formula, the current level of funding for the veteran program is $9.7 million, clearly an inadequate amount given the extent of the unemployment problem among certain veterans.

It should also be pointed out that the Vietnam veteran labor force, unlike the national labor force, is growing older. In the past, as a segment of the labor force grew toward middle age, its unemployment rate normally showed a consistent decline, regardless of economic downturns. Although this was the case with Korean and World War II veterans, it is not the case with veterans of the Vietnam era. This indicates that many Vietnam veterans have not found their permanent place in the national labor market and further indicates that unemployment problems for Vietnam veterans are structural, not cyclical; that is, many Vietnam veterans do not have job skills that meet the needs of the labor market. A short-term program, therefore, is unlikely to have a lasting impact on their unemployment situation. EVJTA is the first successful program which really addresses the underlying structural problem responsible for the dramatic rises in unemployment among Vietnam veterans and should be extended in order to assist as many veterans as possible.

The need for EVJTA is clear, and the extension of the program provided for in H.R. 1408 is justified based simply on that evident

need and the effectiveness of the program as a means of meeting that need. In addition, however, EVJTA is cost-effective, a tremendously important factor during this time of budget consciousness. Veterans employed under EVJTA immediately become taxpayers, not tax users, thus benefitting the taxpayers of the United States. The Department of Labor has concluded that, based on Congressional Budget Office estimates, the Federal Government realizes a net gain of from $8,300 to $14,695 per veteran placed under EVJTA, based on savings in unemployment compensation and gain in revenues resulting from the veteran's employment. In testimony before the Subcommittee on Education, Training and Employment, witnesses pointed out that a veteran entering a $16,000 per year job will pay at least $1,600 in Federal taxes during the first year. Since the cost of the program for that veteran will be approximately $4,000, about 40 percent of the cost of training is returned to the Federal Treasury during the first year of employment alone. This offset does not include other considerations such as unemployment insurance, AFDC, food stamps, and other costs in taxpayer dollars which are obviated by the veteran's employment.

The Committee would also like to stress that when EVJTA was enacted in 1983, the authorization was for $300 million. Only $150 million of that amount has been appropriated, thus the $75 million authorization provided in H.R. 1408 is still far below the original authorization for EVJTA. The program established by the Emergency Veterans' Job Training Act is a badly needed and cost-effective program. It deserves to be extended and adequately funded.

AMENDMENTS TO THE VETERANS READJUSTMENT APPOINTMENT AUTHORITY

The Veterans Readjustment Appointment [VRA] program provides a means by which eligible disabled Vietnam era veterans and educationally disadvantaged Vietnam-era veterans may be appointed noncompetitively to a Federal civilian job which leads to competitive status and career or career-conditional tenure upon satisfactory completion of 2 years of service and education or training.

The VRA program was established by Executive Order 11521 in March 1970 to help in the readjustment of thousands of veterans returning from Southeast Asia. At the time the program was introduced many of the returning veterans lacked the skills and advanced education needed to compete in a tight labor market. The VRA program was designed to help educationally disadvantaged veterans by providing the employment, training and education necessary to enable them to achieve stable employment.

The reported bill would eliminate the current educational restriction which prohibits a non-disabled veteran of the Vietnam era from qualifying as a VRA appointee if he or she has over 14 years of education. Veterans' Administration statistics show that 80 percent of Vietnam era veterans have utilized at least a portion of their GI bill educational assistance benefits. To deny these veterans employment because they elected to enhance their education defeats the main purpose of the VRA program which is to provide long-term employment opportunities to Vietnam-era veterans.

The Committee firmly believes that this Nation's first commitment must be to those who were disabled while serving in our armed services. The Committee recognizes that under current law service-connected disabled veterans have a certain advantage because they are not subject to the 14-year education restriction. Accordingly, the Committee bill would provide that a service-connected disabled veteran of the Vietnam era who has more than 14 years of education would be given preference for a VRA appointment over other Vietnam-era veterans who have more than 14 years of education. It is expected that the Office of Personnel Management will design guidelines to ensure that this preference is provided and monitored.

Under current law, a VRA appointment may not be made above the GS–9 level or the equivalent. The reported bill would increase that maximum level to GS–11. By deleting the educational criteria while increasing the grade level, several things would be accomplished. The VRA program would be more attractive to veterans and would provide greater career opportunities. Agencies would have greatly increased flexibility to make employment decisions. A better educated veteran would be attracted to Federal Service and agencies would be able to hire a better trained VRA candidate. This change in existing law would respond to the fact that many Vietnam era verterans have obtained the necessary educational qualifications or have met the experience requirements to be employed at a higher grade.

Oversight Findings

On February 14, 1985, the Subcommittee on Education, Training and Employment conducted an oversight hearing in Miami, Florida, in order to evaluate at the "grass roots" level the implementation of the Emergency Veterans' Job Training Act of 1983, Public Law 98–77. The Subcommittee also sought facts or conditions in the veteran community which would indicate the necessity and desirability of extending or expanding the program. Witnesses at this hearing included representatives of the Veterans Administration, the U.S. Department of Labor, employees of the State of Florida who have responsibility for veteran training and employment programs, veterans organizations, and private industry.

All witnesses testified that EVJTA is a good program that should be extended and adequately funded. They also unanimously recommended that the 15 week unemployment criteria be reduced to 5 weeks.

No oversight findings have been submitted to the Committee by the Committee on Government Operations.

Congressional Budget Office Cost Estimate

There follows the Congressional Budget Office cost estimate of H.R. 1408, as amended:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 9, 1985.

Hon. G. V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 1408, the Veterans' Employment Amendments of 1985, as ordered reported by the House Committee on Veterans' Affairs, May 7, 1985.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

With best wishes,

Sincerely,

JAMES L. BLUM
(For Rudolph G. Penner).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 1408.
2. Bill title: Veterans' Employment Amendments of 1985.
3. Bill status: As ordered reported by the House Committee on Veterans' Affairs, May 7, 1985.
4. Bill purpose: To amend the Emergency Veterans' Job Training Act of 1983 and Title 38, United States Code, with respect to certain veterans' employment programs.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Authorization level	75	0	0	0	0
Outlays	25	50	0	0	0

The cost of this bill would fall in budget function 700.

Basis for estimate: This cost estimate addresses only those sections of the bill that would be expected to have a significant budget impact.

This bill would extend the authorization funds for the Emergency Job Training Act of 1983. It would authorize funding for on-the-job training for eligible veterans in occupations or industries that are providing a growing number of jobs. The bill also would change the period over which a veteran would have to be unemployed in order to be eligible from 15 to 5 of the last 20 weeks. The bill would require a veteran to apply for training by December 31, 1985 and start training by July 1, 1986.

This bill authorizes funding of $75 million in 1986. The estimate assumes full appropriation of the authorization. One-third of the funds are estimated to be spent in 1986 and the remainder would be spent in 1987. The rate of expenditures assumed for the first

year is higher than occurred in 1984, the first year of the emergency job training program. CBO assumes that because the Veterans Administration has gained experience administering this program, expenditures in the first year will occur at a faster rate than in 1984.

6. Estimated cost to State and local governments: The Congressional Budget Office has determined that the budgets of state and local governments would not be directly affected by enactment of this bill.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimates prepared by: Kelly Lukins.

10. Estimate approved by C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

Committee Cost Estimate

The Committee agrees with the cost estimate of the Congressional Budget Office

Inflationary Impact Statement

The reported bill is an authorization measure. If enacted, and subject to approval of appropriations, the bill will have little, if any, inflationary impact.

Agency Reports

The Committee received the following views from the Veterans' Administration and the Office of Personnel Management regarding H.R. 1408 as introduced:

Veterans' Administration,
Office of the Administrator of Veterans Affairs,
Washington, DC, April 2, 1985.

Hon. G.V. (Sonny) Montgomery,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

Dear Mr. Chairman: I am pleased to respond to your request for the views of the Veterans' Administration on section 2 of H.R. 1408, 99th Congress, which would amend certain provisions of the Emergency Veterans' Job Training Act of 1983 [EVJTA].

Section 2 of the bill would extend both the initial application and training-commencement deadlines under the EVJTA by 10 months—until December 31, 1985, and July 1, 1986, respectively. It would also liberalize current eligibility criteria for veterans, reducing the requisite period of unemployment from 15 of the 20 weeks immediately preceding application to 5 of the 20 weeks immediately preceding application.

The EVJTA was enacted to deal with an unemployment problem among veterans which was much more critical than that which exists today. For example, in August 1983, the unemployment rate for Vietnam-era veterans in the 35 to 39 age category was 6.2 percent. By August 1984, that rate had dropped to 5.4 percent, and by

December 1984, it had dropped to 4.3 percent, as compared to 4.5 percent for all males in the 35 to 39 age category. In terms of actual numbers, in August 1983 there were 181,000 unemployed Vietnam-era veterans in this age bracket, as compared to 142,000 in December 1984—a decrease of 39,000.

As of March 18, 1985, some 26,431 veterans have been placed in jobs under the EVJTA. Over $102.8 million has been obligated under the program through that date. I am pleased to report that the number of employer applications received has jumped from 30,000 on September 10th of last year, to over 47,000 as of March 18, 1985. We project that approximately 5,000 to 6,000 more veterans will be placed in job training by the end of this fiscal year.

While noting the contribution made by the EVJTA, we would also point to the considerable improvement in the economy since August 1983. This improvement in economic conditions, coupled with the dramatic reduction in the unemployment rate for this particular group of veterans, indicates to us that the emergency situation which prompted enactment of the EVJTA no longer exists.

Additionally, Vietnam-era veterans, along with veterans of other war periods, receive job assistance from State and Federal programs, including $112 million proposed by the Department of Labor for specialized veterans staff to assist the State Employment Services in placing an estimated 500,000 veterans.

Therefore, the proposed extension of program deadlines and liberalization of eligibility requirements are not warranted. Accordingly, we oppose enactment of section 2 of H.R. 1408.

We defer to the Office of Personnel Management concerning section 3 of the bill, which deals with the Veterans Readjustment Appointments program.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report on H.R. 1408 from the standpoint of the Administration's program.

Sincerely,

EVERETT ALVAREZ, Jr.,
Deputy Administrator
(For Harry N. Walters, Administrator).

STATEMENT OF TERRY W. CULLER, ASSOCIATE DIRECTOR, U.S. OFFICE OF PERSONNEL MANAGEMENT, BEFORE THE COMMITTEE ON VETERANS' AFFAIRS, SUBCOMMITTEE ON EDUCATION, TRAINING, AND EMPLOYMENT

HEARING ON H.R. 1408—MODIFICATION OF THE VETERANS READJUSTMENT APPOINTMENT [VRA] PROGRAM, MARCH 19, 1985

Mr. Chairman and members of the subcommittee, I am pleased to have the opportunity of presenting the Office of Personnel Management's [OPM] views on H.R. 1408, legislation which would modify the Veterans Readjustment Appointment [VRA] Program, with respect to the maximum entry level grade and the educational limit for participation in the program.

The VRA Program has been a great success in providing employment for those Vietnam era veterans who need help. It allows agencies to hire these veterans without competition on Civil Service examinations and subsequently to convert them to career or career-conditional appointments after 2 years of satisfactory employment and training.

The hiring results are impressive. Since the program was established by President Nixon in 1970, VRA's have provided employment opportunities for more than a quarter of a million Vietnam era veterans.

Minorities have received an average of 38 percent and women 9 percent of the total veterans readjustment appointments. Preliminary data for fiscal year 1984 show 20,704 VRA appointments made. This represents approximately 5.2 percent of total Federal accessions in 1984. More importantly, the 20,704 VRA accessions is the highest number since 1980 and the third largest number of annual hires since the program began in 1970.

The VRA Program is a voluntary one. The VRA authority competes for its use with other vital public policy goals and measures. There are no added costs associated with the program. No new positions are created. The appointments are counted against agencies' personnel [FTE] ceilings.

OPM has taken significant actions to encourage greater participation by Federal agencies in the VRA Program. These actions include: Providing technical assistance and advice to agencies, monitoring and evaluating the program by our regional offices, publicizing the program through Federal Executive Boards [FEB's] and Interagency Advisory Groups [IAG's] committee meetings, dispensing helpful job information to veterans through our network of Federal Job Information Centers [FJIC's], participating in winter meetings and national conventions of veteran groups, emphasizing our policy guidance and increasing our cooperation with the VA, Department of Labor, and the President's Committee on the Employment of the Handicapped.

In addition, we have successfully launched a training course, "Veterans Employment Programs: A Workshop," a 2-day course designed for Government employees with the responsibility for Veterans Employment Programs. A major component of this course covers the policies and procedures of the VRA Program and how agencies can use the VRA authority more effectively. Agency participant comments have been highly favorable. The resource participation of the veteran organizations and VA have contributed to the success of the course.

The Federal Government, as an employer, can, through this program, help reduce the rate of unemployment that exists among certain Vietnam-era veterans.

The most effective action the Federal Government as an employer can take to assist Vietnam-era veterans is to promote the successful Veterans Readjustment Appointment Program.

Before this Committee's oversight hearing in September 1983, Director Devine urged that several improvements be made to the VRA Program to make it more fair and effective. First, he counseled that the maximum grade level for appointment should be

raised from GS–7 to GS–9, pointing out that such action would enhance the effectiveness of the program because agencies would have increased flexibility to make employment decisions. Setting the level at GS–9 recognizes that some Vietnam-era veterans have obtained the necessary experience and education to qualify for a higher grade than previously allowed under the program.

The Congress responded by raising the maximum entry level to GS–9 in Public Law 98–543, which was enacted only recently in October 1984. OPM continues to believe that GS–9 is the appropriate maximum entrance grade level for the VRA Program. GS–9 is an advanced trainee grade level for many professional and administrative occupations in the Federal Government. It is not only the correct grade for the program but it fits in with the spirit of the original Executive order on the VRA. GS–11, on the other hand, is a journeyman level in most instances and is inappropriate for use as an entry level grade in the VRA Program. OPM opposed the GS–11 entry level grade last year when it was considered by this committee.

Second, the Director urged the 14-year education limit for nondisabled Vietnam-era veterans should be waived altogether. It is an artificial limit which discourages improving skills through education. It is the case that Vietnam-era veterans are taking advantage of higher education. An increased number of veterans went back to school because they did not want to lose their GI educational benefits and, given the tight job market in the past, these veterans opted for school in lieu of unemployment. To deny them employment because they elected to enhance their education is to defeat the main purpose of the VRA Program which is to provide long-term employment opportunities to Vietnam-era veterans. Accordingly, OPM supports this portion of H.R. 1408.

As you know, OPM's recommendations for changes in the VRA Program were substantially enacted by the Congress in Public Law 98–543, which include:

(1) The change to maximum GS–9 entry level;

(2) The elimination of the semiannual VRA Program report requirement in favor of an annual report; and

(3) Appeal rights for VRA appointees during their first year of employment.

Again, let me say that the VRA is a cost-effective program. No additional employment costs are incurred in using it. It provides a quick and efficient way of employing deserving veterans. And as you are aware, it is a very popular program in the Federal Government.

Mr. Chairman, I will be pleased to answer any questions.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

EMERGENCY VETERANS' JOB TRAINING ACT OF 1983

* * * * * * *

ELIGIBILITY FOR PROGRAM; DURATION OF ASSISTANCE

SEC. 5. (a)(1) To be eligible for participation in a job training program under this Act, a veteran must be a Korean conflict or Vietnam-era veteran who—

(A) is unemployed at the time of applying for participation in a program under this Act; and

(B) has been unemployed for at least [fifteen of the twenty] *5 of the 20* weeks immediately preceding the date of such veteran's application for participation in a program under this Act.

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 16. There is authorized to be appropriated to the Veterans' Administration $150,000,000 for each of fiscal years 1984 and 1985 *and $75,000,000 for fiscal year 1986* for the purpose of making payments to employers under this Act and for the purpose of section 18 of this Act. Amounts appropriated pursuant to this section shall remain available until September 30, 1987.

TERMINATION OF PROGRAM

SEC. 17. Assistance may not be paid to an employer under this Act—

(1) on behalf of a veteran who initially applies for a program of job training under this Act after [February 28, 1985;] *December 31, 1985;* or

(2) for any such program which begins after [September 1, 1985.] *July 1, 1986.*

* * * * * * *

SECTION 2014 OF TITLE 38, UNITED STATES CODE

§ 2014. Employment within the Federal Government

(a)(1) It is the policy of the United States and the purpose of this section to promote the maximum of employment and job advancement opportunities within the Federal Government for qualified disabled veterans and veterans of the Vietnam era.

(2) For the purposes of this section, the term "agency" means a department, agency, or instrumentality in the executive branch.

(b)(1) To further the policy stated in subsection (a) of this section, veterans of the Vietnam era shall be eligible, in accordance with regulations which the Office of Personnel Management shall prescribe, for veterans readjustment appointments, and for subsequent career-conditional appointments, under the terms and conditions specified in Executive Order Numbered 11521 (March 26, 1970), except that—

(A) such an appointment may be made up to and including the level [GS–9] *GS–11* or its equivalent;

(B) a veteran of the Vietnam era shall be eligible for such an appointment without any time limitation with respect to eligibility for such an appointment;

(C) a veteran of the Vietnam era [who is entitled to disability compensation under the laws administered by the Veterans' Administration or whose discharge or release from active duty was for a disability incurred or aggravated in line of duty] shall be eligible for such an appointment without regard to the number of years of education completed by such veteran; [and]

(D) a veteran of the Vietnam era who has more than 14 years of education and who is entitled to disability compensation under the laws administered by the Veterans' Administration or whose discharge or release from active duty was for a disability incurred or aggravated in line of duty shall be given a preference for such an appointment over other veterans of the Vietnam era who have more than 14 years of education; and

[(D)] *(E)* a veteran given an appointment under the authority of this subsection whose employment under the appointment is terminated within one year after the date of such appointment shall have the same right to appeal that termination to the Merit Systems Protection Board as a career or career-conditional employee has during the first year of employment.

(2) No veterans readjustment appointment may be made under authority of this subsection after September 30, 1986.

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99TH CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
99-109

VETERANS' HOUSING AND MEMORIAL AFFAIRS AMENDMENTS OF 1985

MAY 15, 1985.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. MONTGOMERY, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 2344]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 2344) to amend title 38, United States Code, to make improvements in the National Cemetery System and in the Veterans' Administration program that provides assistance to certain disabled veterans in acquiring specially adapted residences, and to express the sense of Congress with respect to the Veterans' Administration home loan origination fee, having considered the same, report favorably thereon without amendment, by unanimous voice vote, and recommend that the bill do pass.

INTRODUCTION

The President, in his budget submission for fiscal year 1986, proposed legislation to increase the VA home loan origination fee from 1 percent to 5 percent on all guaranteed and vendee loans. On March 5, 1985, the Subcommittee held a hearing on the proposed impact of this proposal. Spokesmen from veterans groups stated that this would negate the beneficial aspects of the no-down-payment feature of the VA guaranteed home loan programs and could effectively destroy such programs. The president of the Mortgage Bankers Association said that his bank would no longer offer VA guaranteed home loans were the Administration proposal to be enacted. The National Association of Realtors calculated that the proposed reduction in loan originations as a result of the proposed fee increase would create a larger dollar loss upon the Gross National Product than the projected revenue gains from this fee. Additional-

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ly, the Congressional Budget Office projected that outlays in 1990 could actually be higher than under the existing program were this fee to be imposed.

The Subcommittee also received comments from the Veterans' Administration, the National Association of Home Builders, the Disabled American Veterans, the Veterans of Foreign Wars of the United States, and Vietnam Veterans of America.

On March 6, the Full Committee rejected this proposal and recommended to the Budget Committee that the program remain ongoing with a 1-percent loan origination fee. Subsequently, on April 2, 1985, H. Con. Res. 109 was introduced expressing the sense of the Congress that the 1-percent fee charged to veterans obtaining VA guaranteed home loans not be increased.

On March 14, the Subcommittee on Housing and Memorial Affairs held a hearing on the following two bills:

H.R. 755, a bill to establish a national cemetery in Merced County, California; and H.R. 757, a bill to provide for the orderly expansion of the National Cemetery System, and for other purposes.

The Subcommittee received testimony from the Honorable Tony Coelho, the Honorable John S. McCain, III, the Veterans' Administration, the Disabled American Veterans, the Non Commissioned Officers of the U.S.A., and the Georgia Marble Company.

On April 18, the Subcommittee held a hearing on the implementation of the Deficit Reduction Act of 1984 relating to the VA Home Loan Guaranty Program and on H.R. 1516, a bill to authorize certain disabled veterans to acquire a suitable housing unit with specially adapted modifications.

The Subcommittee received testimony from the Department of Justice, the Veterans' Administration, The American Legion, the Veterans of Foreign Wars of the United States, AMVETS, the Disabled American Veterans, the Paralyzed Veterans of America, the Vietnam Veterans of America, the Mortgage Bankers Association, and the National Association of Realtors.

On May 1, 1985, the Subcommittee considered H.R. 755, H.R. 757, H.R. 1516 and H. Con. Res. 109 with clarifying amendments and recommended a clean bill to the Full Committee for its consideration. This measure was subsequently introduced as H.R. 2344.

On May 7, 1985, the Full Committee, with a quorum present, by unanimous voice vote, ordered H.R. 2344 to be reported to the House.

Summary of the Bill

H.R. 2344 as reported would:

1. Provide for the orderly expansion of the National Cemetery System. This provision would require the Veterans' Administration to submit on July 1, 1985, and annually thereafter, a 5-year plan for the construction and expansion of the National Cemetery System; a list in order of priority of the 10 geographic areas in the United States in which the need for additional burial space for veterans is greatest; and assessment of the desirability and feasibility of acquiring existing State cemeteries in the areas included on the list; and general plans (including projected costs, site location, and,

if appropriate, necessary land acquisition) for each cemetery or proposed cemetery included in the 5-year plan as well as general plans for the expansion of the National Cemetery System in each geographic area included on the list;

2. Require the placement of upright gravemarkers in national cemeteries. Provision has also been made to accord a choice by designating certain portions of national cemeteries for use of flat markers should the family so desire;

3. Establish a national cemetery in Merced County, California;

4. Authorize service-connected disabled veterans entitled to the $6,000 specially adapted housing grant to acquire a suitable housing unit with specially adapted modifications already in place and to be reimbursed for the fair market value of such adaptions; and

5. Express the sense of the Congress that the 1-percent VA home loan origination fee not be increased.

Background and Discussion of the Bill

Veterans' Administration National Cemetery System

The National Cemetery System traces its legal origins to the act of July 17, 1862, which authorized President Lincoln to purchase cemetery grounds for the interment of soldiers dying in service to their country. This country has therefore recognized its moral obligation to providing decent burials for those who have honorably served in our military forces for over 100 years.

The National Cemetery System was established within the veterans' Administration in accordance with the National Cemeteries Act of 1973 (Public Law 93-43), enacted June 18, 1973. Pursuant to this law, on September 1, 1973, the responsibility for 82 national cemeteries and 32 miscellaneous burial plots and monument sites were transferred from the Army. In addition, the law added 21 cemeteries located at Veterans' Administration hospitals to the system.

Public Law 93-43 offered virtually no direction regarding the structure of the National Cemetery System but rather allowed for determination of the system structure at a later time, based on the recommendations of a 1974 VA study; and subsequently, the regional cemetery concept comprised of 10 standard Federal regions was adapted as an interim method of system expansion.

Since 1973, under the regional cemetery concept, the VA has designated eight new national cemetery sites. Six of these, Calverton, Long Island, New York; Riverside, California; Bourne, Massachusetts; Fort Custer, Michigan; Indiantown Gap, Pennsylvania; and Quantico, Virginia are open for burials. The other two, Fort Mitchell, Alabama, and Withlacoochee, Florida, are expected to open between 1986 and 1987. In fiscal year 1981, the 2-acre Fort Meade, South Dakota, cemetery was transferred to the system.

At the end of fiscal year 1984, the system consisted of 109 operating cemeteries on approximately 9,000 acres of land. The 32 miscellaneous burial plots and monuments constitute about 20 acres.

Of the 109 operative national cemeteries, 51 are in closed status. Although the remaining 58 have ample gravesite resources, they are not appropriately located or distributed to effectively meet vet-

erans' present or future burial needs. This is largely due to the evolutionary development of the system over more than 100 years. As many cemeteries were established immediately after the Civil War and some time thereafter, their size, scope, and location have no relationship to the needs of today's veteran population.

Interments in national cemeteries have generally increased each year since establishment, and during the next 15 years, as the peak period of demand is approached, veteran deaths in the Nation will continue to increase annually, while unoccupied gravesites in the National Cemetery System will be greatly reduced and scattered in location. The projected peak period is estimated at between the years 2000 and 2015, at which time the age 65 and over veteran group will increase from its present level of about 4 million to about 9 million individuals.

Although regional cemeteries were considered at the time to be the best method of expansion to meet immediate needs, in retrospect they did not provide for meeting the known needs of the veteran population as a whole. Standard Federal Regions are comprised of a number of states. Standard Federal Region No. 10, for example, consists of 815,945 square miles.

Regional cemeteries, therefore, do not provide adequate service to an entire Standard Federal Region. Statistics indicate that veterans and their dependents prefer to be buried within a 50-mile radius from their homes.

Presently, about 9.5 million veterans or about 34 percent of the estimated 28 million living veterans reside within 50 miles of an open national cemetery. This means that 66 percent or 18.5 million veterans remain unserved by an open national cemetery.

Proposals have been received by the Committee to establish a national cemetery in every State. In light of the present budgetary atmosphere and in the interest of good management, the Committee does not believe this to be the best route for expansion. Rather, future expansion should provide for maximum usage. The Committee therefore believes that the most equitable method for expansion is at selected locations with concentrated veteran populations. As an example, 1.2 million veterans reside in northern California. A national cemetery in that area would obviously be well utilized.

Section 2 of the reported bill would provide for an orderly expansion of the National Cemetery System by requiring the Veterans' Administration to submit on July 1, 1985, and annually thereafter a 5-year plan for the construction and expansion of the National Cemetery System; and provide a list, in order of priority, of the 10 geographic areas in the United States where the need for additional burial space for veterans is greatest. The report must assess the desirability and feasibility of acquiring existing State cemeteries in the geographic areas included on the list and must include general plans (projected costs, site location, and, if appropriate, necessary land acquisition) for each cemetery or proposed cemetery included in the 5-year plan similar to those being provided by the medical construction authorization mandated by section 5007 of title 38.

The reported bill also contains a provision to require the Administrator to assess in the VA's yearly report the desirability and feasibility of acquiring existing State veterans' cemeteries in the geographic areas included. One of the 10 areas in the country identi-

fied with a heavy veteran population is Phoenix, Arizona, where a State veterans' cemetery has been in existence since 1978. It is the most utilized State veterans' cemetery in the country. The Committee has been advised that Arizona has the highest percentage of senior citizens moving into a State. Under the bill, the VA could determine whether or not it would be in the best interests of the Federal Government to establish and operate a national cemetery in Phoenix.

The Committee is of the opinion that this provision of the reported bill requiring a 10-area breakdown of heavy veteran migration centers provides for an extremely efficient method of cemetery expansion. It follows proven management practices used in private industry known as the "Establishment by Need" concept where outlets for goods and services are established for optimum access by users.

HEADSTONE OR GRAVEMARKER

In the act of February 22, 1867, Congress provided that graves in national cemeteries should be properly marked with a small headstone or gravemarker. Ever since the enactment of Public Law 93–43, the National Cemeteries Act of 1973, the Veterans' Administration has been authorized, under section 906 of title 38, United States Code, to furnish headstones and markers in all graves in national cemeteries.

In addition, a headstone or gravemarker is available for any deceased veteran of wartime or peacetime service (other than for training) who was discharged under conditions other than dishonorable and is buried in a State veterans' or private cemetery. Reservists who die while performing active duty for training are also eligible.

Headstones and markers are also provided for the eligible dependents of veterans who are buried in national, military post or base cemeteries, or state veterans' cemeteries. Headstones and markers are not provided for dependents buried in private or local cemeteries.

Memorial headstones or markers are also provided for eligible veterans whose remains are not available for burial. The grave of a veteran must not be otherwise marked with a monument in order for a monument to be furnished at Government expense.

The following are the types of monuments available: (1) Upright headstone of lightly veined American white marble; (2) flat stone marker of lightly veined American white marble or light gray granite; (3) flat slate marker; (4) flat bronze marker; and (5) monuments for deceased Medal of Honor recipients.

Over the past 20 years, the Government monument program has increased from 72,000 units in 1952 to 218,875 in fiscal year 1984.

Section 3 of the reported bill would require upright headstones in national cemeteries. Provision has also been made to accord a choice by designating certain portions of national cemeteries for use of flat markers should the family so desire.

In 1976, based upon a recommendation from the Advisory Committee on Memorial Affairs, the Veterans' Administration adopted a policy to install flat markers in regional cemeteries. On March 1,

1982, DMA Circular 40-82-01, expanded this policy to include existing national cemeteries. Currently, 70 percent of all markers being placed in national cemeteries are flat.

One of the reasons the Committee believes that the Veterans' Administration should revert to upright gravemarkers is because of the difficulty encountered by family members in locating flat gravemarkers in the snowbelt areas. Flat markers are not visible for long periods of time in areas subject to heavy snowfalls.

Additionally, flat markers constitute a park-like atmosphere rather than the traditional symbolic soldiers' formation represented by upright markers. As national cemeteries commemorate the sacrifices of those who served, instituting an upright headstone policy will serve to enhance the dignity and beauty traditionally associated with our national cemeteries.

It is not the Committee's intention to restrict a veteran or his family to a particular type of gravemarker. Provision, therefore, has been made to accord a choice by designating certain portions of national cemeteries for use of flat markers so that families who prefer flat markers will have the right to select one.

In order to maintain conformity in our national cemeteries, the Administrator has been given 90 days after the effective date of this provision (October 1, 1985) in which to designate separate sections for flat and upright markers. During this period of time, the Administrator shall have discretionary authority to deny placement of either an upright or flat gravemarker if such denial is for the reason that in the cemetery in which the burial is to take place there is no section set aside for the specific type of gravemarker requested.

NATIONAL CEMETERY IN MERCED COUNTY, CA

Nationally, California ranks first in veteran population with almost 3 million veterans. This represents 10.6 percent of total veteran population. In order of magnitude, northern California has been identified as the area of the country most in need of a national cemetery because 1.2 million of California's total veteran population live in the northern part of the State. The closest national cemetery open for full-casket burials is at Riverside, California, which is more than 400 miles south of the major population centers of San Francisco and Sacramento.

Under longstanding policy, the Veterans' Administration will consider land only if it is available through donation or through transfer from excess Federal property, and if it meets the criteria for cemetery purposes. Another critical factor is proximity to centers of veteran population. This policy was reiterated at a March 14, 1985, hearing before the Subcommittee on Housing and Memorial Affairs.

Since 1983, the Veterans' Administration has conducted numerous site inspections in northern California, including Beale Air Force Base, Dixon U.S. Naval Transmitter Facility, Hamilton Reserve Air Force Base, Alameda U.S. Naval Air Station, Oak Knoll U.S. Naval Hospital, Camp Parks, Moffett Naval Air Station, Stockton U.S. Naval Communication Station, and the U.S. Naval Ammunition Storage Facility in Concord. The Veterans' Adminis-

tration also contacted the County of Alameda to see if they could acquire 400 acres near the Camp Parks site which had previously been donated to the County by the Department of the Army. The County land was not available.

In 1984, the Agency advised the Committee that it had narrowed its consideration to two sites—a 150 acre tract of land at the Camp Parks Reserve Forces Training area in Dublin, and a 350–400 acre parcel privately owned in Merced County near the San Luis Reservoir which is available at no cost to the Government.

On March 13, 1984, the Veterans' Affairs Committee, in an effort to get a cemetery located in northern California, wrote a letter to the Honorable Caspar Weinberger, Secretary of Defense, regarding the availability of any land in the San Francisco Bay or surrounding area which could be transferred to the Veterans' Administration without cost.

Secretary Weinberger responded that "military departments do not have the statutory authority to transfer excess property to another agency and that the Administration policy is to require the payment of fair market value for the acquisition of excess Federal property". He did, however, identify acreage at Beale Air Force Base as excess to its needs as well as excess property at the former Hamilton Air Force Base. The latter, however, was involved in litigation, and a previous report by the Veterans' Administration had eliminated consideration of Beale Air Force Base due to flooding frequencies.

On August 3, 1984, the Committee contacted the Honorable John O. Marsh, Jr., Secretary of the Army, with specific regard to the Camp Parks site and whether or not that Department would be willing to transfer this property to the Veterans' Administration for the establishment of a cemetery. The Committee was advised that the transfer of the 150 acres at no cost to the Veterans' Administration was a matter for the General Services Administration to address. Secretary Marsh stated, however, that under the current Federal Property Management Regulations, reimbursement to the GSA is not required when: (a) Congress specifically authorizes the transfer without reimbursement or (b) the Administrator of GSA, with the approval of the Director, Office of Management and Budget, approves an exception to the reimbursement policy.

On August 31, 1984, the Committee contacted the Honorable Ray Kline, Acting Administrator of the General Services Administration and asked whether that agency would favorably consider an exception to current Federal Property Management Regulations and transfer these acres to the Veterans' Administration at no cost. Mr. Kline responded that GSA would review the request and forward it to the Office of Management and Budget for approval consistent with existing regulations at such point in time as the property was declared excess.

The Veterans' Administration stated that Camp Parks, which is located in the San Francisco Bay area, was their primary choice since 36.8 percent of the northern California veteran population resided within a 50–100 mile radius of the Camp Parks site.

The Committee, however, is aware of several problems associated with this site:

(1) Many segments of the community are opposed to the establishment of a national cemetery on the Camp Parks location.

(2) The land has not yet been declared surplus. Even if excessed to the Department of Defense's needs, it is not certain the land would go to the Veterans' Administration since others are interested in acquiring the property.

(3) 150 acres is not adequate to establish a regional cemetery of the magnitude needed in northern California.

(4) Current Federal Property Management Regulations require Federal agencies to pay the General Services Administration the fair market value of excessed government property. According to recent estimates, the 150-acre tract of land at Camp Parks is valued between $20–35 million.

Section 4 of the reported bill would establish a national cemetery in Merced County, California.

There is a critical need to establish a cemetery in northern California. Although the Veterans' Administration states that the Los Banos site is not as convenient to the downtown San Francisco area as the Camp Parks site, the Committee recommends that the Administrator move to establish a national cemetery in Merced County. There has been too much delay in establishing a cemetery in this more populous region in our country. The Committee believes the Veterans' Administration must move with an alternate site. There are no assurances that the problems facing the Camp Parks site will be resolved in a timely manner, and this alternate site with substantially larger acreage is available immediately at no cost to the Government.

At a time when the Administration and the Congress are considering reductions in veterans' health care, freezing cost-of-living increases in veterans benefits and increasing loan origination fees to raise revenues, the Committee adamantly opposes the Veterans' Administration paying for land which the Department of Defense declares excess to its needs.

The Merced County site was recommended by the Veterans' Administration as the second best location, and there are some who would suggest it is superior, although there is currently a smaller veteran population in the immediate Los Banos area. It is the Committee's understanding, however, that the population centers are expanding southward. The Center for Continuing Study of the California Economy in Palo Alto, California, has determined that, among large cities in California, San Jose which is located approximately 89 miles away from Los Banos, ranks third in total population growth since 1980. Additionally, this site is convenient to Fresno and Modesto, which were ranked fourth and eight in terms of population growth since 1980.

The Legislature of the State of California adopted a resolution in support of the Los Banos site. In addition, the California Department of Veterans Council has endorsed this selection.

The fiscal year 1986 Budget allocates $6 million for land acquisition costs for the establishment of a national cemetery in northern California. The Committee recommended in its budget report to the Budget Committee on March 15, that these funds be used in conjunction with the development of land and other such planning

costs as may be necessary for the establishment of such cemetery in Merced County.

SPECIALLY ADAPTED HOUSING PROGRAM

The purpose of the specially adapted housing grants is to assist certain veterans whose service-connected disabilities are such as to require specially adapted housing facilities.

Specially adapted housing benefits were initially established in June 1984 by Public Law 702, 80th Congress. Eligibility was limited to those veterans entitled to compensation for permanent and total disability due to spinal-cord disease or injury with paralysis of the legs and lower part of the body. These were veterans with the most readily apparent need for specially adapted homes, being paralyzed from the waist down and severely handicapped in their movements and the use of ordinary facilities. Their condition was generally such as to require the use of a wheelchair. Ramps, special bathroom equipment, extra large rooms, exercising facilities, and other devices were essential for many of them to live comfortably outside of a hospital.

The impetus behind this legislation was that the cost to the veteran for a home with special modifications is considerably more than a conventional home. This category of service-connected disabled veteran, therefore, suffered a disadvantage by comparison to other veterans in attempting to purchase a suitable home. The Government sought to provide a benefit to absorb the extra amount of money necessary to equalize this situation.

Experience later showed that some other conditions presented a strong need for special housing, and this program was liberalized in 1949, 1959, 1964 and again in 1969.

Under current law, veterans are eligible for specially adapted housing if they have a compensable permanent and total service-connected disability (1) due to loss or loss of use of both lower extremities; or (2) which involves blindness in both eyes having only light perception plus loss or loss of use of one lower extremity; or (3) due to loss or loss of use of one lower extremity together with (a) residuals of organic disease or injury or (b) loss or loss of use of one upper extremity which so affect the functions of balance or propulsion as to preclude locomotion without resort to a wheelchair.

The assistance furnished under this program consists of payment of 50 percent of the total cost to the eligible veteran of a house having special fixtures or movable facilities made necessary by the nature of the veteran's disability. The grant may not exceed $35,500, and there is no distinction between disabilities incurred in wartime and peacetime service.

In 1980, another specially adapted housing grant was established through the enactment of Public Law 96-385 for service-connected disabled veterans who, by the nature of their disabilities, also require special modifications to their homes but are not as severely disabled as the preceding category.

Section 810(b) of title 38 provides up to a maximum of $6,000 to certain service-connected disabled veterans who have suffered

blindness in both eyes, or the anatomical loss or loss of use of both hands to make necessary adaptations to their homes.

However, unlike service-connected veterans who are eligible for the $35,500 "wheelchair" specially adapted housing assistance grant, those eligible for the $6,000 grant cannot use it to acquire a suitable home which already has the necessary adaptations.

Section 5 of the reported bill provides for the payment of the fair market value of adaptations to certain disabled veterans acquiring houses with special features already in place. This provision therefore corrects the discrepancy between the two programs and treats them equally.

VA LOAN ORIGINATION FEES

In 1966, Congress approved the Veterans' Readjustment Benefits Act of 1966, better known as the "Cold War GI bill". This act, among other things, made servicemen and post-Korean veterans, persons who had served in active duty in the Armed Forces after January 31, 1955, eligible for VA guaranteed home and farm loans and direct loans. Although the loan benefits for post-Korean veterans and servicemen were similar in type to those available for World War II and Korean veterans, there was one noticeable difference. Unlike the loans available to World War II and Korean veterans, the post-Korean loan program was subject to a one-time funding fee in the sum of one-half of 1 percent of the loan. In other words, the funding fee requirement was imposed by Public Law 89-358, in the interests of distinguishing between the "hot war" veterans of World War II and the Korean conflict and the "cold war" veterans of service after January 31, 1955.

The elimination of charging a funding fee to post-Korean veterans through the enactment of Public Law 91-506 on October 23, 1970, was a change rendered inevitable by events in Southeast Asia since 1965.

The President's fiscal year 1983 budget contained a proposal to reinstate the one-half percent loan processing fee for all loans guaranteed, insured or made by the VA. However, instead of the revenues being deposited into the Loan Guaranty Revolving Fund as had been done previously, the fees would be deposited in the Treasury as miscellaneous receipts and credited as general offsets to the Veterans' Administration.

The Committee did not oppose the proposed legislation. However, it felt that three amendments were necessary:

(1) deposit the fees into the VA Loan Guaranty Revolving Fund to insure its solvency since guarantees are paid from it in the event of foreclosures; and

(2) exempt service-connected disabled veterans from payment; and

(3) include a termination date for the fee.

The Committee has always believed that these veterans must receive priority and preferential treatment in view of disabilities incurred in service to their nation. Additionally, the Committee suggested adding the fee to the loan principal to alleviate the one-time cost to the veteran.

Public Law 97-253 which became effective October 1, 1982, did exempt service-connected disabled veterans from paying the fee and permitted veterans to add the fee to their mortgage principal if they so desired. The measure also contained a sunset provision. The revenues generated by this fee, however, were deposited to the Treasury. Although overall VA outlays were credited by these offsets, the Loan Guaranty Revolving Fund did not benefit and its funding problems were not alleviated.

The Congress later addressed the issues involving the deficiencies in the Loan Guaranty Revolving Fund caused by the high unemployment rate and subsequent foreclosure increase by the enactment of the Deficit Reduction Act of 1984, Public Law 98-369. In addition to requiring certain administrative reforms in the VA Loan Guaranty program, it increased the loan origination fee to 1 percent and required that these funds be deposited in the Loan Guaranty Revolving Fund. The 1 percent fee would expire October 1, 1987. It continued to exempt service-connected disabled veterans with 10 percent or more disability. Revenues of approximately $150 million are anticipated in fiscal year 1985.

Section 6 of the reported bill expresses the sense of the Congress that the 1 percent VA home loan origination fee not be increased.

The fiscal year 1986 budget proposes to increase the fee charged by the VA to guaranty a home loan from 1 percent to 5 percent of the mortgage principal.

The implementation of a 5-percent user fee would result in veterans being charged an average amount of $3,000 for the privilege of using the program. This would negate the beneficial aspects of the no-down-payment feature of the program and could effectively destroy it. In essence, this could be considered as a down payment requirement without giving the veteran the benefit of reducing the principal on his mortgage—in other words a selective tax burden on home buying veterans. If the increased origination fee was added to the mortgage principal and financed, the Congressional Budget Office estimates that there would be a subsequent increase in the VA home loan foreclosure rate. This would result not only because of increased monthly mortgage payments, but because of the longer length of time necessary to build up property equity. Initially, the Veterans' Administration would be guaranteeing a loan for a larger amount than the property value.

The Committee is very concerned about this proposed change. The VA Administrator, himself, characterizes his endorsement as "reluctant" and urges caution. Other VA officials have stated that a 5 percent fee could reduce loan originations by as much as 50 percent. Additionally, the Congressional Budget Office projected that outlays in 1990 could actually be higher than under the existing program were this fee to be imposed.

At a March 5, 1985, hearing before the Subcommittee on Housing and Memorial Affairs, the National Association of Realtors calculated that the proposed reduction in loan originations as a result of the fee increase would create a larger dollar loss upon the Gross National Product than the projected revenue gains. Additionally, the President of the Mortgage Bankers Association stated that his bank would no longer offer VA Guaranteed Home Loans were the Administration proposal to be enacted.

Accordingly, the Committee recommended to the House Budget Committee on March 15, 1985, that the VA Home Loan Guaranty Program remain at ongoing levels and that the 1 percent user fee be retained.

The Senate Budget Committee recommended phasing in a user fee of 3.8 percent by 1990, and this proposal was favorably considered on the Senate floor on May 9, 1985.

An increase in the user fee at any level is totally unacceptable to the Committee, although the Committee recognizes that there may be improvements possible in the management of the program which could enhance its operation. The Congressional Budget Office states that the revenue is not needed to maintain the solvency of the Loan Guaranty Revolving Fund. Additionally, the Committee is of the firm opinion that the imposition of a larger fee would only serve to raise general revenues at the expense of our homebuying veterans—in particular, Vietnam era veterans who account for 43.6 percent of all VA guaranteed home loans. It should also be emphasized that this discriminatory tax would eliminate a substantial number of potential veteran homebuyers from participating in the VA Home Loan Guaranty Program. According to the Congressional Budget Office, a phased in rate of 3.8 percent by 1990 could result in 141,250 fewer veterans from using their VA entitlement to purchase a home over that period of time.

This Sense of the Congress Resolution reaffirms the Committee's strong opposition to the Administration's proposal.

Section-by-Section Analysis of the Bill

Section 1 would provide that this act may be cited as the "Veterans' Housing and Memorial Affairs Amendments of 1985."

Section 2 would amend section 1000 of title 38, United States Code, relating to the National Cemetery System, to require an annual planning report to be submitted to the Veterans' Affairs Committees by July 1 of each year. The report would include a 5-year plan for cemetery construction and expansion of the National Cemetery System; a ranking of the 10 areas in the United States most in need of additional space for veterans' burials; an evaluation of the feasibility of acquiring State cemeteries located in the 10 areas; and the cost projection, site location, and other relevant information for each proposed cemetery included in the 5-year plan, together with general plans for the expansion of the National Cemetery System in each of the 10 areas. The first report would be required to be submitted July 1, 1985, or 30 days after the date of enactment, whichever is later.

Section 3 would amend subsection (c) of section 1004 of title 38, United States Code, relating to the administration of the National Cemetery System, to add to the requirement of appropriate markers for graves in national cemeteries, a stipulation that each new marker be upright unless the veteran, or the veteran's survivor or representative, has requested a flat marker.

To assure uniformity of marker placement and space for the honoring of flat-marker requests, each national cemetery would be required to have two sections—one for upright markers and one for flat markers—by January 1, 1986.

The new requirement would apply generally to markers for persons who die after September 30, 1985, and are to be buried in national cemeteries. During the three-month period October through December 1985, the VA would be authorized to disregard its applicability in the case of any burial in a cemetery not yet having sections designated for both upright and flat markers.

Section 4 would require the establishment of a national cemetery on land in Merced County, California, to be donated to the United States by the Romero Land Company, a California corporation. The details of the 350-acre conveyance would be worked out between the VA and the donor.

Section 5 would amend section 801(b)(1) of title 38, United States Code, relating to the special housing adaptation assistance provided to veterans who are blind or have lost or lost the use of both hands. The amendment would authorize providing this assistance to veterans who acquire residences that are already adapted. This section of the bill would further amend section 802(b)(1) of such title to provide that, when an eligible veteran acquires a residence that is already adapted, the amount of the grant will be based upon the fair market value of the special adaptations. These amendments would take effect September 30, 1985.

Section 6 would express the sense of the Congress that the VA loan origination fee, imposed by section 1829 of title 38, United States Code, should remain at its present level of one percent of the loan amount, and not be increased as recommended in the President's budget for fiscal year 1986.

Oversight Findings

On March 5, the Subcommittee on Housing and Memorial Affairs held an oversight hearing on the Administration proposal to increase the VA guaranteed home loan origination fee from 1 to 5 percent. For reasons discussed previously in the report, the Committee disagreed with the Administration justification and on March 15, 1985, recommended to the Budget Committee that the increased user fee not be imposed.

On April 18, 1985, general oversight hearings were held on the VA Loan Guaranty Program, with particular emphasis on the implementation of the Deficit Reduction Act of 1984, Public Law 98–369, and its subsequent effect on reducing VA Loan Guaranty outlays. The Veterans' Administration has reduced foreclosed property acquisitions by approximately 5 percent and direct loans on same have been reduced by 20 percent. Additionally, the 1-percent user fee will generate revenues of approximately $150 million in fiscal year 1985. These procedures are positive steps toward assuring the solvency of the VA Guaranteed Home Loan Revolving Fund.

No oversight findings have been submitted to the Committee by the Committee on Government Operations.

Congressional Budget Office Cost Estimate

There follows the Congressional Budget Office cost estimate of H.R. 2344 as ordered reported:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 8, 1985.

Hon. G.V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: In response to your request, CBO has prepared the attached cost estimate for H.R. 2344, the Veterans' Housing and Memorial Affairs Amendments of 1985, as ordered reported by the House Committee on Veterans' Affairs, May 7, 1985.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

With best wishes,

Sincerely,

JAMES BLUM
(For Rudolph G. Penner, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 2344
2. Bill title: Veterans' Housing and Memorial Affairs Amendments of 1985.
3. Bill status: As ordered reported by the House Committee on Veterans' Affairs, May 7, 1985.
4. Bill purpose: To make improvements in the National Cemetery System and certain Veterans Administration housing programs, and for other purposes.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Budget authority	3	4	4	5	4
Outlays	3	4	4	5	5

The cost of this bill would fall in budget function 700.

Basis for estimates: The following section-by-section cost analysis only addresses those sections of the bill that could be expected to have a significant budgetary impact.

Section 3: This section would require that markers in VA cemeteries be upright, unless the person buried or his survivors have requested a flat marker.

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Estimated authorization level	3	4	4	5	5
Estimated outlays	3	4	4	5	5

According to the VA, the average cost of a flat granite marker in 1984 was $33.99, while the cost of an upright marble stone was $83.10. The average cost of a marker provided by the VA in that year was $57. This estimate assumes that the average cost of a marker would increase by about $15 initially under this proposal, rising with inflation to an average increase of around $18.50 by 1990. The estimate further assumes, based on historical trends, that approximately 230,000 markers would be provided by the VA each year. Based on an estimate from the VA, increased maintenance costs of $64,000 in 1986, increasing to $327,000 by 1990, were included.

Section 4: This section would authorize the VA to accept the donation of a tract of land in Merced County, California, from the Romero Ranch Company and to establish a national cemetery on that land.

The VA has estimated that it would cost approximately $4 million to construct a national cemetery on the tract of land specified in this provision. The President's 1986 budget, however, includes the request of an appropriation of $6 million for the acquisition of land for a new national cemetery in northern California. The proposed Merced County cemetery, for which the land could be acquired at no cost, is intended to fill the need for a new northern California cemetery and would do so at a substantial cost savings from the administration's plan. The CBO baseline for the Construction, Major Projects account, however, does not assume a specific set of projects in its estimate of each year's budget authority. Thus, the substitution of a donated site for a purchased site for this cemetery, while having the potential to reduce costs, would not affect the projected level of the CBO baseline.

Section 5: This section would affect housing benefits to certain severely disabled veterans who are eligible for grants to cover the cost of adaptations to their residences that are needed to accommodate their disabilities. The amendment would provide that the grant funds could also be used to cover the market value of adaptations already installed in a residence the veteran wishes to purchase.

It is not expected that the number of grants made under this provision would be sufficient to result in a significant cost.

Section 6: This section would state the sense of the Congress that the loan origination fee required for home loans guaranteed by the VA should not be increased from its present level of 1 percent of the mortgage principal.

Since this provision would not change current law, it would have no budgetary impact.

6. Estimated cost to State and local governments: The Congressional Budget Office has determined that the budgets of State and local governments would not be directly affected by enactment of this bill.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: K.W. Shepherd.

10. Estimate approved by: C.G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

Committee Cost Estimate

The Committee agrees with the cost estimate submitted by the Congressional Budget Office.

Inflationary Impact Statement

The reported bill will have no inflationary impact in fiscal year 1986.

Agency Reports

The Committee received the following views of the Veterans' Administration on legislation similar to the reported bill:

Veterans' Administration,
Office of the Administrator of Veterans' Affairs,
Washington, DC, March 26, 1985.

Hon. G.V. (Sonny) Montgomery,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, DC.

Dear Mr. Chairman: I am pleased to respond to your request for the views of the Veterans' Administration on H.R. 757, 99th Congress. Section 1 of the bill would require an annual planning report on the construction and expansion of national cemeteries. Section 2 would mandate the use of upright grave markers in national cemeteries, beginning in fiscal year 1986. We would counsel against the enactment of H.R. 757 for two reasons: First, the national cemetery policy in the early 1970's has now been realized. We do not believe it appropriate to initiate, as this bill would do, a new, enhanced policy for national cemeteries in the absence of a full debate of the issues. Second, we strongly oppose mandating the use of upright grave markers.

Under current law, all veterans and certain immediate family members are eligible for interment in a national cemetery. Because the veteran population is aging, we must anticipate increasing utilization of this benefit over the next few decades. However, we believe that sufficient burial space will be available once the northern California and Florida national cemeteries join the eleven other large regional cemeteries and are brought to operational status. In addition, I would like to note that there are more than 100 national cemeteries throughout the Nation, and the Department of Memorial Affairs has an ongoing process to help assure that maximum use is made of all available burial space.

Section 2 of H.R. 757 would compel the use of upright grave markers in all open national cemeteries, beginning in fiscal year 1986, unless there is a specific request for a flat marker. During the 3-month period October through December 1985, we would be authorized to waive this requirement if the cemetery concerned does not have an upright marker section; but as of January 1, 1986, we would be required to designate in each open national cemetery an upright marker section and a flat marker section.

We strongly oppose mandating the use of upright markers in our national cemeteries, on the basis of cost, impact on available grave

space, and operational efficiency. We believe that flat markers continue to provide fitting and dignified memorials for veterans.

Flat markers have become increasingly popular in this country over the past 50 years. The strong trend in cemetery design in all parts of the country has been towards memorial parks, which generally exclude upright stones, and strive for a serene, natural setting.

In response to this trend, flat markers have been approved to mark veterans' graves in private cemeteries since the late 1930's. Today, over 90 percent of the markers ordered from the Agency for placement on veterans' graves in private cemeteries are of the flat type—a clear reflection of public acceptance.

Flat markers are not new to the National Cemetery System. The three national cemeteries opened in 1948–50—Puerto Rico, Willamette (Oregon), and the Punchbowl (Hawaii)—have used only flat markers, and are regarded as among the most beautiful in the National Cemetery System. Flat markers have also long been used in the cemeteries adjacent to VA medical centers.

In 1976, the Advisory Committee on Cemeteries and Memorials recommended that flat markers be used in the new regional cemeteries then being planned. After additional studies were conducted, we extended the use of flat markers to new burial areas in existing cemeteries in 1982. In burial areas that already have upright headstones, uprights continue to be used until those sections are filled.

The decision to extend the use of flat markers was based on a number of considerations, including operating efficiency, cost effectiveness, conservation of cementery land, and private sector trends.

The use of flat markers is an integral part of our effort to improve the productivity of VA employees and the effectiveness of national cemetery operations. The flat markers permit much more efficient grounds maintenance, including very basic requirements such as mowing and trimming. This is a factor which will become increasingly important to the appearance and upkeep of our national cemeteries in times of limited resources. Flat markers are less subject to damage, erosion, and discoloration than the white marble uprights, which are comparatively soft and porous. This in turn results in less frequent need for cleaning and replacement. With a weight of about 100 lbs. less than an upright, a flat marker can be installed by one person rather than two, with less risk of injury to the employee.

In addition to enhancing the efficiency of cemetery operations, the flat markers continue to yield significant procurement savings. In fiscal year 1984, the average cost for a flat granite marker was $33.99, compared to $83.10 for an upright marble stone.

Conservation of cemetery land is a major consideration in evaluating the advantages of flat markers. Before 1982, the standard grave size in national cemeteries was 5′ x 10′. This allows about a foot of undisturbed soil at the head of the grave where the upright marker could be placed. The weight of the upright stone is highly concentrated in a small area, and if the stone is placed on soil previously excavated for the grave, it will tend to sink. The situation differs with flat markers, whose weight is far less and is spread out over a larger area. With flat markers, it has been possible to use a standard grave size of 4′ x 8′, with a yield of 1,312 gravesites per

acre versus 840 gravesites per acre under the 5′ x 10′ gravesite. The use of smaller gravesites represents an important part of our effort to keep national cemeteries open as long as possible and to provide service to as many veterans as possible.

Requiring the Agency to designate flat and upright sections in every national cemetery would pose very serious operating problems, and would deprive the Agency of its current flexibility to make common-sense decisions regarding monumentation in individual cemeteries. Making such demarcations without disrupting the aesthetic environment could require extensive redesign in many cemeteries. It is also very difficult to anticipate what proportion of land should be set aside for each type of marker. In small cemeteries, and those with little remaining land, these decisions would be especially burdensome.

Difficult decisions indeed would face us in the large, active cemeteries like Calverton, on Long Island. With over 6,000 interments a year, it is the busiest cemetery in the National Cemetery System. Calverton, like our other new regional cemeteries, was designed for a park-like atmosphere, in keeping with the natural contours of the land. Burial sections have been laid out in conformance with this concept. A dramatic change of this type would be aesthetically disruptive to the peaceful setting of the cemetery, and would also require significant revisions to the master plan, such as wider roadways, additional access to burial sections to accommodate heavy equipment, and redesign of the irrigation system.

Calverton experiences extended frost periods—as do many of our cemeteries—and would need to open twice as many graves each fall to accommodate burials in either flat or upright sections for winter burials. Utilization of personnel resources would necessarily be less efficient if both interment and grounds maintenance crews must be spread over a larger area. Additional equipment would be needed for burials, mowing, trimming, spraying, and setting headstones. Headstone installation is in itself less efficient with the uprights, and would require additional employees to set them each spring when the ground thaws, in order to avoid backlogs.

The Veterans' Administration believes that flat markers clearly reflect the overwhelming trend in cemeterial design in America today. They are cost effective, and they make a significant difference in the availability of gravesites at individual cemeteries. We would especially hope that national cemeteries specifically designed for this concept be allowed to continue without disruption.

In light of the marked advantages of flat markers, we strongly oppose legislation requiring upright stones in national cemeteries, on the basis of cost, operating efficiency, future burial needs, and private cemetery trends. We similarly oppose the requirement that dual sections be designated for each national cemetery.

H.R. 757, if enacted, is estimated to cost $3.8 million in fiscal year 1986, $4 million in fiscal year 1987, $4 million in fiscal year 1988, $4.2 million in fiscal year 1989, and $4.4 million in fiscal year 1990. This includes the additional costs of upright markers—$3.2 million in fiscal year 1986 and comparable amounts in future fiscal years—as well as the cost of increased reimbursements under 38 U.S.C. § 906(d). Included also are increased maintenance costs of $64,000 in fiscal year 1986, anticipated to rise to $327,000 by fiscal

year 1990. We are not able at this time to estimate with any degree of certainty increased costs from less efficient operations, cemetery redesign, and other such indirect effects.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

HARRY N. WALTERS,
Administrator.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, DC, March 20, 1985.

Hon. G.V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, DC.

DEAR SONNY: We are pleased to provide the following comments in response to your request for our views on H.R. 755, 99th Congress, 1st Session, a bill "To direct the Administrator of Veterans' Affairs to establish a national cemetery in Merced County, California."

For the following reasons, the VA does not recommend favorable consideration of this bill.

As a result of the transfer of jurisdiction over the national cemeteries to the Veterans Administration (VA) under the provisions of Public Law 93-43, the National Cemeteries Act of 1973, we have conducted studies on a nationwide basis to determine the location of new national cemeteries which will best meet the changing burial requirements for our veterans. In a congressionally mandated 1974 study of the National Cemetery System, the VA recommended the adoption of a policy establishing one large, active national cemetery in each of the ten Standard Federal Regions in order to provide an equitable distribution of cemeteries throughout the country. We have met this goal.

We continue, however, to examine where additional cemetery sites would permit us to most effectively meet the projected burial needs of veterans. Northern California, where Merced County is located, is included in our long-range planning.

California, with its 3 million veterans, has the largest veteran population of any State in the Union. Although there are five national cemeteries in California, only one is open for full-casket burials—Riverside National Cemetery, which is located about 70 miles east of Los Angeles. The other sites have space for cremated remains only.

About 1.2 million of California's 3 million veterans now live in the northern part of the State. For them, the closest national cemetery with available grave space is Riverside, which is more than 400 miles south of the major population centers of San Francisco and Sacramento. The next closest national cemetery is Willamette, near Portland, Oregon, about 500 miles to the north.

We have looked extensively at properties in northern California for a potential national cemetery site. Under longstanding VA

policy, we will consider land only if it is available through donation or through transfer from excess Federal property, and if it is otherwise suitable for cemeterial purposes. Another critical factor is proximity to centers of veteran population. Our studies have consistently shown that veterans and dependents are far more likely to use a national cemetery when it is located within a 50-mile radius of home. Beyond tht 50-mile radius, participation drops off sharply. We have considered both costs and benefits, and believe it is especially important to reduce the present requirement that northern California veterans and their families travel up to 8 hours to reach the nearest national cemetery.

The site proposed in H.R. 755, commonly called the Los Banos site, has also been investigated by the VA. It is located approximately 100 miles southeast of San Francisco. There are approximately 529,530 veterans living within a 50-mile radius.

In our opinion, enactment of legislation authorizing and/or directing the construction of a national cemetery at Los Banos would disrupt our long-range planning, and, because the VA may be able to obtain a site closer to the population center of San Francisco, would not be in the best interests of veterans and their families. For this reason, we ask that legislation requiring a national cemetery at Los Banos not be considered favorably by your Committee.

The projected 5-year cost estimate of H.R. 755 is as follows:

Year	FTEE	Operating costs	Construction costs	Total costs
1	10	[1] $540,000	[3] $2,000,000	$2,540,000
2	11	[2] 465,000		465,000
3	12	300,000		300,000
4	14	335,000		335.000
5	15	360,000		360,000
Total				4,000,000

[1] $300,000 in new equipment.
[2] $200,000 in new equipment.
[3] Development of 15 acres plus administration building, 1st phase.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

HARRY N. WALTERS,
Administrator.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, DC, April 22, 1985.

Hon. G.V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on H.R. 1516, 99th Congress, a bill "To amend title 38, United States Code, to remove an inequity in the Veterans' Administration program to provide assist-

ance to certain disabled veterans in acquiring specially adapted residences."

For the reasons stated below, the Veterans' Administration would favor enactment of H.R. 1516 if one technical amendment were made.

The bill would amend section 801(b) of title 38, United States Code, which currently provides assistance to veterans who are blind, or have lost or lost the use of both hands, in adapting their homes to the nature of their disability. The proposed amendment would authorize the Administrator to provide assistance to veterans with these disabilities who are acquiring a residence already adapted with the necessary special features.

Chapter 21 of title 38, United States Code, authorizes two types of housing assistance. Section 801(a) authorizes assistance to veterans who have one of the following total and permanent service-connected disabilities:

(a) Loss or loss of use of both lower extremities;

(b) Blindness plus loss of use of one lower extremity; or

(c) Loss or loss of use of one lower extremity plus either (i) residuals of organic disease or injury, or (ii) loss or loss of use of one upper extremity, so as to preclude locomotion without the aid of braces, crutches, canes or a wheelchair.

These veterans are eligible for a one-time grant, not to exceed $35,000, to assist in the acquisition of a specially adapted home. The grant funds may be used to pay for both the actual adaptations, and for the basic residence itself, including the necessary land.

A more limited benefit is authorized by section 810(b). Veterans who have total and permanent service-connected blindness, or the anatomical loss or loss of use of both hands may receive a one-time grant, not to exceed $6,000, to cover the actual costs of adaptations to their residences which may be reasonably necessary because of their disabilities. The grant funds may not be used to pay for anything but the actual adaptations.

Veterans eligible for assistance under section 801(a) may receive a grant if they purchase a residence that already contains the necessary adaptations. No grant can be given under present law, however, to veterans eligible under section 801(b) who purchase homes that are already adapted. H.R. 1516 would authorize such assistance.

The Veterans' Administration believes that specially adapted housing benefits should be made available to those veterans whose disabilities are such as to make it difficult, or impossible, for them to live in comfort in a conventional home. The inclusion in the benefits program under section 801(b) of veterans who choose to acquire housing with special features already in place appears to be a logical extension of the program.

As we have noted, the grant authorized by section 801(b) is based upon the actual cost of the adaptations made. Since no adaptations would actually be made in the case of veterans acquiring homes which already have the required special features, there would be no basis for VA to actually pay the benefit contemplated by H.R. 1516. Accordingly, we would recommend that the bill be amended

by redesignating section 1(b) of the bill as section 1(c), and inserting the following new section 1(b):

(b) AMOUNT OF GRANT.—Section 802(b)(1) of title 38, United States Code, is amended by striking out 'cost' and inserting in lieu thereof, 'cost, or, in the case of a veteran acquiring a residence already adapted with special features, the fair market value,'."

The Veterans' Administration estimates that the enactment of H.R. 1516 would result in increased benefits costs of less than $1,000,000 and administrative costs of less than $100,000 per fiscal year.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report on H.R. 1516 from the standpoint of the Administration's program.

Sincerely,

HARRY N. WALTERS,
Administrator.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

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PART II—GENERAL BENEFITS

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CHAPTER 21—SPECIALLY ADAPTED HOUSING FOR DISABLED VETERANS

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§ 801. Veterans eligible for assistance

(a) The Administrator is authorized, under such regulations as he may prescribe, to assist any veteran, who is entitled to compensation under chapter 11 of this title, based on service after April 20, 1898, for permanent and total service-connected disability—

(1) due to the loss, or loss of use, of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair, or

(2) which includes (A) blindness in both eyes, having only light perception, plus (B) loss or loss of use of one lower extremity, or

(3) due to the loss or loss of use of one lower extremity together with (A) residuals of organic disease or injury, or (B) the loss or loss of use of one upper extremity, which so affect the functions of balance or propulsion as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair,

in acquiring a suitable housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, and necessary land therefor. The regulations of the Administrator shall include, but not be limited to, provisions requiring findings that (1) it is medically feasible for such veteran to reside in the proposed housing unit and in the proposed locality; (2) the proposed housing unit bears a proper relation to the veteran's present and anticipated income and expenses; and (3) the nature and condition of the proposed housing unit are such as to be suitable to the veteran's needs for dwelling purposes.

(b)(1) Subject to paragraph (2) of this subsection, the Administrator, under regulations which the Administrator shall prescribe, shall assist any veteran (other than a veteran who is eligible for assistance under subsection (a) of this section) who is entitled to compensation under chapter 11 of this title for a permanent and total service-connected disability which—

(A) is due to blindness in both eyes with 5/200 visual acuity or less, or

(B) includes the anatomical loss or loss of use of both hands, in acquiring such adaptations to such veteran's residence as are determined by the Administrator to be reasonably necessary because of such disability *or in acquiring a residence already adapted with special features determined by the Administrator to be reasonably necessary for the veteran by reason of the veteran's disability.*

(2) Assistance under paragraph (1) of this subsection may be provided only to a veteran who the Administrator determines is residing in and reasonably intends to continue residing in a residence owned by such veteran or by a member of such veteran's family or, if the veteran's residence is to be constructed or purchased, will be residing in and reasonably intends to continue residing in a residence owned by such veteran or by a member of such veteran's family.

§ 802. Limitations on assistance furnished

(a) * * *

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(b) Except as provided in section 804(b) of this title, the assistance authorized by section 801(b) of this title shall be limited to the lesser of—

(1) the actual [cost] *costs, or, in the case of a veteran acquiring a residence already adapted with special features, the fair market value,* of the adaptations determined by the Administrator under such section 801(b) to be reasonably necessary, or

(2) $6,000.

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CHAPTER 24—NATIONAL CEMETERIES AND MEMORIALS

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§ 1000. Establishment of National Cemetery System; composition of such system; appointment of director

(a) There shall be within the Veterans' Administration a National Cemetery System for the interment of deceased servicemen and veterans. To assist him in carrying out his responsibilities in administering the cemeteries within the System, the Administrator may appoint a Director, National Cemetery System, who shall perform such functions as may be assigned by the Administrator.

(b) The National Cemetery System shall consist of—

(1) national cemeteries transferred from the Department of the Army to the Veterans' Administration by the National Cemeteries Act of 1973;

(2) cemeteries under the jurisdiction of the Veterans' Administration on the date of enactment of this chapter; and

(3) any other cemetery, memorial, or monument transferred to the Veterans' Administration by the National Cemeteries Act of 1973, or later acquired or developed by the Administrator.

(c) Not later than July 1 of each year, the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the construction and expansion of national cemeteries. Each report shall include—

(1) a five-year plan for the construction and expansion of the National Cemetery System;

(2) a list, in order of priority, of the 10 geographic areas in the United States in which the need for additional burial space for veterans is greatest; and

(3) an assessment of the desirability and feasibility of acquiring existing State cemeteries in the geographic areas included on the list; and

(4) general plans (including projected costs, site location, and, if appropriate, necessary land acquisition) for each cemetery or proposed cemetery included in the five-year plan and general plans for the expansion of the National Cemetery System in each geographic area included on the list.

* * * * * * *

§ 1004. Administration

(a) * * *

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(c)*(1)* Each grave in a national cemetery shall be marked with an appropriate marker. Such marker shall bear the name of the person buried, the number of the grave, and such other information as the Administrator shall by regulation prescribe.

(2) Each such marker shall be upright, except that, if the person buried (or the survivor or legal representative of the person buried) has requested that the grave be marked with a flat marker, the person shall be buried in a cemetery section set aside for graves marked with flat markers and a flat marker shall be used.

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